

RESOLUTION NO. 10-24

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$45,000,000 CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK REVENUE BONDS (USC-SOTO STREET HEALTH SCIENCES ADMINISTRATIVE OFFICE BUILDING PROJECT), SERIES 2010 TO PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF CERTAIN ECONOMIC DEVELOPMENT FACILITIES, PROVIDING THE TERMS AND CONDITIONS OF THE SALE AND ISSUANCE OF SAID BONDS AND OTHER MATTERS RELATING THERETO, AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

WHEREAS, the California Infrastructure and Economic Development Bank (the "Bank") was established pursuant to The Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) (the "Act"), for the purpose of promoting economic development; and

WHEREAS, the Bank is authorized to issue tax-exempt revenue bonds to provide financing for economic development facilities (as such term is defined in the Act) located in the State of California (the "State"); and

WHEREAS, USC Health Science Building, LLC (the "Borrower"), a Delaware limited liability company qualified to do business in the State and formed for nonprofit purposes to assist the University of Southern California ("USC"), a California nonprofit university and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), with its charitable and educational purposes, has submitted an application to the Bank for assistance in financing: (1) costs of demolition of an existing 95,000 square foot structure on a 5.34 acre parcel of property located at 2001 North Soto Street, Los Angeles, California, and site improvements thereon; (2) construction of a three-story, approximately 120,000 square foot, health sciences building and infrastructure related and pursuant thereto, at 2001 North Soto Street, to be used by USC as (a) research facilities, including offices of health sciences researchers and research administrators and facilities for research application and monetization services, (b) educational facilities, including offices for USC-employed health services educators, administrative offices including those for grant-related services, and a conference/training facility, (c) recreational facilities, including a fitness center available to USC health sciences employees and students, (d) commercial facilities, including a café open to students, campus employees and the public, and (e) facilities necessary or desirable in connection therewith (the "Project"); (3) capitalized interest with respect to the Bonds; and (4) costs of issuance with respect to the Bonds; and

WHEREAS, the sole member of the Borrower is National Healthcare, Research and Education Finance Corporation ("NHREFCO"), a Texas nonprofit corporation and an organization described in Section 501(c)(3) of the Code, formed to support the charitable and

educational purposes of hospitals, academic medical centers and medical research organizations, such as USC; and

WHEREAS, bond counsel to the Bank has advised that, for federal income tax purposes, the Borrower will be disregarded as an entity separate from NHREFCO, and the Borrower's activities will be treated for federal income tax purposes as the activities of NHREFCO, and therefore, as the activities of an organization described in Section 501(c)(3) of the Code; and

WHEREAS, USC, as owner of the real property on which the Project will be built, has leased such real property to Soto Development Associates, LLC (the "Developer") pursuant to a Ground Lease, dated April 12, 2010 (the "Ground Lease"), between USC and the Developer, for the purpose of construction of the Project; and

WHEREAS, the Borrower has represented that the Developer will enter into an Administrative Office Building Lease (the "Facility Lease"), with USC, pursuant to which the Developer will agree to undertake the demolition of the existing structure on the real property, and the construction of the Project; and

WHEREAS, the Borrower has represented that it will enter into an Assignment Agreement-Lease Documents (the "Assignment Agreement") with the Developer, pursuant to which the Developer will assign and the Borrower will assume, the Developer's rights under the Ground Lease and the Facility Lease, including the obligation to undertake the demolition of the existing structure on the real property and the construction of the Project; and

WHEREAS, the Borrower has represented that the Project (i) is a project that may be financed with revenue bonds of the Bank under the Act, (ii) will be used in a manner consistent with the definition of an economic development facility as set forth in the Act, and (iii) will be consistent with any existing local or regional comprehensive plan; and

WHEREAS, USC has represented that it will enter into a Tax Regulatory Agreement (the "Tax Regulatory Agreement") among the Borrower, the Bank, NHREFCO and USC, in which USC will represent that, until the principal of and interest on the Bonds is paid in full, USC will use the Project to provide one or more of the following uses: (a) research facilities, including but not limited to, offices of health sciences researchers and research administrators and facilities for research application and monetization services, (b) educational facilities, including but not limited to, offices for USC-employed health services educators, administrative offices including those for grant-related services, and conference/training space, (c) recreational facilities, including but not limited to, a fitness center available to USC health sciences employees and students, (d) commercial facilities, including but not limited to, a café open to students, campus employees and the public, and (e) facilities necessary or desirable in connection therewith; and

WHEREAS, for the aforementioned purposes, the Borrower has requested the Bank to (a) authorize the issuance of obligations in an aggregate principal amount not to exceed \$45,000,000 entitled California Infrastructure and Economic Development Bank Revenue Bonds (USC-Soto Street Health Sciences Administrative Office Building Project), Series 2010 (the "Bonds"), (b) provide for the sale of the Bonds, (c) provide for the loan of proceeds of the sale of the Bonds to the Borrower to finance and refinance the costs of the Project, (d) provide for the payment of the

principal of, premium, if any, and interest on the Bonds with revenues derived from the Borrower's repayment of that loan, and (e) take and authorize certain other actions in connection with the foregoing; and

WHEREAS, the Borrower has represented that the Bonds will be rated at least "A3" from Moody's Investors Service, or "A-" from Standard & Poor's or Fitch Ratings based upon the obligation of USC to make base rental payments to the Borrower, as assignee of the Developer, and the irrevocable assignment by the Borrower of its rights to receive such base rental payments to The Bank of New York Mellon Trust Company, N.A., as trustee for the Bonds (the "Trustee"), for the payment of the Bonds; and

WHEREAS, the Bank may not issue the Bonds to assist in financing and refinancing the Project until the Board of Directors of the Bank (the "Board") makes certain determinations relating to the Project as required by the Act; and

WHEREAS, there are now on file with the Secretary of the Board the following documents:

(a) a proposed form of a loan agreement (the "Loan Agreement") to be entered into by and between the Bank and the Borrower providing for the loan of the proceeds of the Bonds to the Borrower;

(b) a proposed form of a bond indenture (the "Indenture") to be entered into between the Bank and the Trustee, providing for the authorization and issuance of the Bonds;

(c) a proposed form of a bond purchase agreement (the "Bond Purchase Agreement") to be entered into by and among the Bank, the Treasurer of the State of California, and J.P. Morgan Securities Inc. (the "Underwriter"), and approved by the Borrower and USC, providing for the sale of the Bonds;

(d) a proposed form of official statement (the "Official Statement") to be used by the Underwriter in connection with the sale of the Bonds; and

(e) a proposed form of Tax Regulatory Agreement among the Bank, USC, NHREFCO and the Borrower, concerning the tax requirements for the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. Pursuant to Sections 63046 and 63047 of the Act, and based upon the representations of the Borrower, the Board of Directors of the Bank hereby finds and determines as follows:

a. The Project is located in the State.

b. The Borrower is capable of meeting its payment obligations under the Loan Agreement as approved by this Resolution, which finding is based in particular on the representation of USC that it will undertake the obligation to make base rental payments to the Borrower, as assignee of the Developer, in an amount equal to the scheduled principal and interest payments on the Bonds and which shall be absolutely assigned by the Borrower to the Trustee and applied to pay the Bonds, and this finding is further based upon the expectation of the execution of the Facility Lease and Assignment Agreement as contemplated by this Resolution.

c. The payments to be made by the Borrower to the Bank under the Loan Agreement approved herein are adequate to pay the current expenses of the Bank in connection with the financing and to make all of the payments on the Bonds.

d. The proposed financing is appropriate for the Project.

e. The Project is consistent with any existing local or regional comprehensive plan.

Section 3. Based on the information provided and representations made by the Borrower, the Board hereby finds and determines that the Project demonstrates clear evidence of a defined public benefit in that (i) economic benefits will be derived from the generation of economic activity in connection with the construction and operation of the facilities, including the creation of temporary jobs during the construction phase and permanent jobs during the operation of the facilities, (ii) educational benefits will be derived from the advancement of clinical and academic research, education and administration in health sciences, and (iii) environmental benefits will be derived from the construction of the facilities in compliance with the criteria for the U.S. Green Building Council's LEED certification which will reduce the environmental impact of the construction and operation of the Project.

Section 4. The Bank authorizes and approves the loan of the proceeds of the Bonds to the Borrower in order to finance or refinance costs of the Project pursuant to the terms and provisions of the Loan Agreement as approved by this Resolution. The proposed form of Loan Agreement relating to the Bonds between the Bank and the Borrower on file with the Secretary of the Board (the "Secretary"), is hereby approved, and the Executive Director of the Bank (the "Executive Director"), the Chair of the Board, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver the Loan Agreement to the Borrower, in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this Resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The Secretary is authorized to attest to the execution of the Loan Agreement. The authorizations and approvals of this Section 4 are subject to the execution of the Facility Lease and Assignment Agreement as contemplated by Section 2.b hereof.

Section 5. The proposed form of Indenture relating to the Bonds between the Bank and the Trustee, on file with the Secretary, is hereby approved, and the Executive Director,

the Chair of the Board, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute, acknowledge and deliver the Indenture to the Trustee, in substantially the form presented to this meeting, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this Resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The Secretary is authorized to attest to the execution of the Indenture. The authorizations and approvals of this Section 5 are subject to the execution of the Facility Lease and Assignment Agreement as contemplated by Section 2.b hereof.

Section 6. The proposed form of Bond Purchase Agreement among the Bank, the Treasurer and the Underwriter, and approved by USC and the Borrower, on file with the Secretary, is hereby approved, and the Executive Director, the Chair of the Board, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and deliver to the Underwriter and the Treasurer, the Bond Purchase Agreement in substantially the form presented to this meeting, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this Resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. The Treasurer of the State of California, as agent for sale of the Bank's bonds, is hereby requested to sell the Bonds at negotiated sale, at such prices and at such initial interest rates as he may determine in accordance with the Indenture. Notwithstanding Section 63074(d) of the Act to the contrary, such sale may take place at any time within one hundred eighty (180) days of the adoption of this Resolution or at such later date not later than the date three hundred sixty (360) days after the adoption of this Resolution as approved by the Executive Director.

Section 7. The sections entitled "THE INFRASTRUCTURE BANK" and "NO LITIGATION – The Infrastructure Bank" in the proposed preliminary form of Official Statement on file with the Secretary are hereby approved, and the Executive Director, the Chair of the Bank, or the Chair's designee, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute a certificate or certificates in a form or forms which, with the advice of the Bank's counsel, is or are acceptable to the officer or official executing the same, to the effect that such portions of the Official Statement in either its preliminary or final form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this Resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval, are "deemed final" as of the date of each or any such certificate. The Underwriter is hereby authorized to distribute copies of the Official Statement in preliminary form to the prospective purchasers of the Bonds and the Official Statement in final form in connection with the sale of the Bonds.

Section 8. The proposed form of Tax Regulatory Agreement on file with the Secretary is hereby approved and the Executive Director, the Chair of the Board or the Chair's designee, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute and deliver to the Borrower, the Tax Regulatory

Agreement in substantially said form, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. The Bank approves the issuance, on a tax-exempt basis, of revenue obligations generally designated as the "California Infrastructure and Economic Development Bank Revenue Bonds (USC-Soto Street Health Sciences Administrative Office Building Project), Series 2010" in an aggregate principal amount not to exceed \$45,000,000, in accordance with the terms of this Resolution and the terms of and to be secured by the Indenture. Payment of the principal of, premium, if any, and the interest on, the Bonds shall be made solely from the revenues to be received by the Bank from the Borrower pursuant to the Loan Agreement and the Indenture, and said Bonds shall not be deemed to constitute a debt or liability of the State of California or of the Bank except, as to the Bank, to the limited extent provided in the Indenture. Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of, or interest on, the Bonds. The Bonds shall be dated as provided in the Indenture and shall be paid in lawful money of the United States at the time or times and place or places provided in the Indenture. The Bonds shall be in the form and the denominations as provided in the Indenture, mature on the date or dates provided in the Indenture which shall be not later than twenty-one (21) years and six (6) months from the date of issuance thereof, be subject to redemption as provided in the Indenture, shall carry the registration privileges provided in the Indenture and shall bear interest at a fixed rate or rates to be determined in accordance with the Indenture, which average fixed rate shall not exceed the lesser of seven percent (7%) per annum or the maximum rate of interest on the Bonds permitted by the laws of the State. The authorizations and approvals of this Section 9 are subject to the execution of the Facility Lease and Assignment Agreement as contemplated by Section 2.b hereof.

Section 10. The Executive Director and the Chair of the Board, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute (by manual or facsimile signature) the Bonds in an aggregate principal amount not to exceed the amount authorized hereunder in accordance with the Indenture and in the form set forth in the Indenture. The authorizations and approvals of this Section 10 are subject to the execution of the Facility Lease and Assignment Agreement as contemplated by Section 2.b hereof.

Section 11. The Bonds, when executed as provided in this Resolution, shall be delivered to the Trustee for authentication by the Trustee pursuant to the Indenture. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York or its agent (the "Depository"), on behalf of the purchasers thereof in accordance with written instructions executed on behalf of the Bank by the Executive Director, the Chair of the Board, or the Chair's designee, which instructions each signatory, acting singly, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and to deliver to the Trustee. Such instructions shall provide for the

delivery of the Bonds to the Depository, on behalf of the purchasers thereof, upon payment of the purchase price therefor.

Section 12. The Executive Director, the Chair of the Board or the Chair's designee, each acting alone, is hereby authorized to execute and deliver any and all certificates and instruments (including, without limitation, letters of representations and certifications of authority and tax forms required by the Internal Revenue Service in connection with the issuance of the Bonds) which they or counsel to the Bank may deem necessary or advisable to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purpose of this Resolution.

Section 13. All actions heretofore taken by the officers and employees of the Bank with respect to the approval, issuance and sale of the Bonds are hereby approved, confirmed and ratified. The officers of the Bank and their authorized designees, deputies, agents and counsel are hereby authorized and directed, jointly and severally, to do any and all things, perform their duties and to execute and deliver any and all certificates which they or counsel to the Bank may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution.

Section 14. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED, AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on June 22, 2010 by the following vote:

AYES: BRYANT, LUJANO, BERTE, SHEEHY, RICE

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE



Stanton C. Hazelroth, Executive Director

Attest:



Roma Cristia-Plant, Secretary